

<p style="text-align: center;">SUMMARY OF MAJOR CHANGES TO DOD 7000.14-R, VOLUME 12, CHAPTER 22 “NATIONAL DEFENSE STOCKPILE TRANSACTION FUND”</p> <p style="text-align: center;">Substantive revisions are denoted by a ★ preceding the section, paragraph, table or figure that includes the revision</p>		
PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
2202	Updated to reflect that the accounting is in accordance with accounting standards as published by the Financial Accounting Standards Advisory Board and outline the responsibilities based on the current organization or the Defense Finance and Accounting Service.	Update
2203	The accounting transactions identified and presented were updated to the current United States Standard General Ledger.	Update
2203	Deleted paragraph 220311, U.S. Treasury Silver Program. The U.S. Treasury Silver program no longer exist.	Deletion

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CHAPTER 22

NATIONAL DEFENSE STOCKPILE TRANSACTION FUND★2201 GENERAL

220101. Purpose. To prescribe the policies and procedures, certain special accounting requirements, and those unique [attributes to the United States Government Standard General Ledger \(USSGL\)](#) accounts, to be used in accounting and reporting for the National Defense Stockpile Transaction Fund (NDSTF).

220102. Scope. Only accounting requirements and procedures for transactions particular to the NDSTF are included in this chapter. All other accounting and reporting requirements, policies and procedures are detailed in applicable volumes and chapters of this regulation, and are applicable to the NDSTF.

220103. Description. National Defense Stockpile operates under the authority of the Strategic and Critical Stock Piling Act (50 U.S.C. §98, et seq.). The Stock Piling Act provides that strategic and critical materials are stockpiled in the interest of national defense to preclude a dangerous and costly dependence upon foreign sources of supply in times of a national emergency. The National Defense Authorization Acts provide authority to buy and sell specific materials; set quantity and revenue levels for selling material; and mandate programs to receive the revenue from the sales and collections. There is currently no authorization to buy (acquire) any material and over 99% of the inventory is authorized for sale.

220104. Operations. The Defense National Stockpile Center (DNSC) administers the acquisition, storage, management, and disposal of inventory currently maintained in the National Defense Stockpile. The NDSTF is a continuing fund dedicated to financing the operations of the National Defense Stockpile and DNSC. While the NDSTF has some aspects of a revolving fund, it is not strictly such a fund, as resources are received from diverse sources including direct appropriations, transfers from other appropriations, transfers of physical assets, and disposal proceeds. The Treasury Federal Account and Symbol Title ([FAST](#)) Book, reflects the NDSTF account symbol is 97X4555.

★2202 ACCOUNTING POLICY

220201. Basic Policies and Concepts. Accounting for the National Defense Stockpile Transaction Fund will be in accordance with accounting standards for Federal Government accounting as published by the [Federal Accounting Standards Advisory Board](#), the USSGL, special requirements of this chapter, and any other provisions applicable to accounting, paying, disbursing, and financial reporting as provided elsewhere in the DoD Financial Management Regulation.

220202. Responsibilities. The Defense Finance and Accounting Service (DFAS) will establish accounting requirements and procedures for the NDSTF. All transactions

obligating funds of the NDSTF will be initiated by the DNSC. Inventory accounting for the NDSTF is performed by the DNSC. Financial and general ledger accounting for the NDSTF will be performed by DFAS. External accounting reports of the NDSTF are prepared by the DFAS. Accounting reports and additional supporting supplemental financial information is provided by DFAS to the DNSC for preparation of the Department of Defense, “Strategic and Critical Materials Report to the President and Congress.”

★2203 ACCOUNTING REQUIREMENTS AND PROCEDURES

220301. General. Accounting systems and records for the National Defense Stockpile Transaction Fund will be based on the USSGL chart of accounts.

220302. General Ledger Accounts. Because of some unique transactions used in accounting for National Defense Stockpile material (e.g., acquisitions and sales), additional breakout of information is required below the USSGL account level. When information is required because of necessity for separate identification and inclusion in financial statements, it is needed for combining with other accounts in the several financial statements, or visibility is necessary for preparation of notes to the financial statements, financial systems should allow for the information to be segregated in a form which would permit user analysis. The unique use of select general ledger accounts of the NDSTF is included in the discussion of each particular accounting area. Descriptions of accounts and transactions are generally only presented at the primary account level.

220303. Inventory Accounting. The financial inventory balance of the National Defense Stockpile is maintained on a historical cost basis as supported by “laid-in cost.” In accounting terms, laid-in cost is used by wholesalers or suppliers, and includes additional costs incurred to place the goods in inventory (e.g., a manufacturer's invoice price, freight, state and local taxes). The two USSGL inventory accounts utilized are 1571 Stockpile Materials Held in Reserve and 1572 Stockpile Materials Held for Sale and as classified in several lower level subdivisions to that account, and which transaction entries are made. Subdivisions of this account used for the National Defense Stockpile inventory are:

- A. 1571 Stockpile Materials Held in Reserve- Goal Material (Strategic and Critical Materials)
- B. 1571 Stockpile Materials Held in Reserve – Inventory Custodial Transfer or Pending Survey
- C. 1571 Stockpile Materials Held in Reserve – Inventory In Process Government Facility
- D. 1571 Stockpile Materials Held in Reserve - Inventory In Process Contractor Facility
- E. 1572 Stockpile Materials Held for Sale

The [DWAS-Web module](#) maintained by the DNSC, supports the value of inventory as shown in these accounts. The DNSC and DFAS are jointly responsible for reconciling the inventory records.

220304. Material Acquisition. All intended acquisitions of material for the National Defense Stockpile are proposed in the Annual Materials Plan that is subject to approval by Congress and the subsequent authorization of funding. Funding authorization may be in the form of new appropriations, an authorization to spend from the available balance of the Transaction Fund, or from sales proceeds from authorized disposals. Material purchase contracts are recorded as obligations against the current year acquisition program on the date of the contract. When material is received, it is recorded in the [DWAS-Web module](#) and the general ledger inventory account, accounts payable and a decrease in undelivered orders. Any other cost, such as initial testing, increases the cost of the material for inventory valuation. Each month the [DWAS-Web module](#) must be reconciled to the general ledger inventory account.

220305. Material Upgrade. Also included in the Annual Material Plan is the program for upgrading existing material of the National Defense Stockpile. This work is accomplished by contracts for the value of the upgrading services. These amounts are obligated against the current year program. When material is delivered to the contractor for upgrading it is transferred on the records from the stockpile inventory to material in the hands of a [contractor](#). When upgraded material is returned, a new unit cost is determined by adding the upgrading costs to the original inventory value. The amount of the upgrading cost and original cost of the material are transferred to the on hand stockpile inventory account from the material in the hands of a contractor account.

220306. Exchange Transactions. Materials can be disposed of by offering like material as payment in kind or other material in exchange as settlement of amounts due for material upgraded or acquired. These are accounted for as exchange disposals and the original cost of the material is removed from inventory and recorded as cost of exchange disposals. Exchange settlements liquidate an obligation for material upgrade and acquisition, as would payment in cash, and is accounted for through the budgetary accounts to effect the liquidation of the original contractual obligation in the accounting records.

220307. Material Disposals. Various materials in the National Defense Stockpile may become obsolete or excess to current Defense stockpiling needs. The National Defense Stockpile Act authorizes the disposal of such material. These materials can be disposed of when included in the Annual Material Plan and authorized in the budget program for the NDSTF. Disposal sales of marketable commodities are offered on a bid auction or negotiated sales basis. Material disposals are accounted for as sales and the original cost value of the material removed from inventory and recorded as cost of sales.

220308. Billing and Collection. All sales and disposals are billed shortly after the sales agreement is made or as of the scheduled time for delivery or pickup of the material. Bid deposits received are held as advances until returned or recorded to sales proceeds upon delivery of material to successful buyers. The purchaser of the material is allowed a specified number of days in which the material is to be picked up after which time storage

charges are assessed. Any such storage charges are additional billings to the purchaser. When material is disposed of by exchange settlements, credits earned for material received and accepted by DNSC are used as payment for material shipped. Additional billings for delayed pickup of material are also applicable to the exchange settlement disposals. Collections are received by the DNSC [via electronic fund transfer or paper check](#) (deposited to a local banking facility). [Upon receipt of the funds, a DD 1131](#) (Collection Voucher) and confirmed deposit, is sent to the DFAS Accounting and Finance Office ([currently DFAS-ATOCCC-CA](#)) for recording in the accounting records and financial reporting.

220309. Inventory Adjustments. Inventory adjustments are made whenever there is evidence that an adjustment is required. Such instances include periodic count or measurement of material, movement of material, and complete disposal of material from a storage location. All adjustments are documented and approved before recording in the [DWAS-Web module](#) and general ledger inventory account. Depending on the nature and size of the adjustment, approval is granted by the [Administrator](#) of the DNSC, delegated inventory officials, or board of survey.

★2204 RESEARCH GRANTS

220401. General. Appropriations made into the NDSTF are for the award of grants to universities, colleges, and research institutions. [The designated recipient of the grant is included in the appropriation act or requisite legislation](#). The Administrator, DNSC, is the grant administering official.

220402. Grant Accounting. Grant funds appropriated to the NDSTF are apportioned to DoD/DLA and allotted by DLA Financial Operations to the DNSC. Grant awards are processed by DNSC and funds are obligated by the Notice of Financial Assistance Award and SF 424, Application for Federal Assistance. Grant funds periodically disbursed are based on requests by the grant recipient and approval by the grant administrator. Disbursed funds are recorded in the accounting records as accrued expenditures, and obligation liquidations, in the budgetary accounts, and as costs and expenditures against the grant appropriated funds in the proprietary accounts.